

CITY OF PRIMGHAR

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2019 THROUGH JUNE 30, 2020**

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City of Primghar

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kurt Edwards	Mayor	December 2023
Ryan Jenness	Council Member	December 2023
Kevin Smith	Council Member	December 2023
Jack Black	Council Member	December 2021
Tom Honkomp	Council Member	December 2021
Ken Miller	Council Member	December 2021
Carol Chicoine	City Clerk	Indefinite
Sarah Rowher	Deputy Clerk	Indefinite

City of Primghar



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

To the Honorable Mayor and Members of the City Council:

We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Primghar for the period July 1, 2019 through June 30, 2020, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Primghar's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6), and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We observed the City's fiscal year 2020 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. The City has no investments.
8. We determined compliance with Chapters 12C.2, 12B.10B, and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384, and 403.9 of the Code of Iowa

and to determine whether the debt and related proceeds and repayments were properly accounted for.

10. We scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We observed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We traced selected receipts for accurate accounting and consistency with the recommended COA.
13. We traced voter approved levies for proper authorization in accordance with Chapter 384.12 of the Code of Iowa.
14. We traced selected disbursements for proper approval, adequate supporting documentation, accurate accounting, and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
15. We traced transfers between funds for proper authorization and accurate accounting and determined whether proper.
16. We traced selected payroll and related transactions for proper authorization and accurate accounting and determined whether proper.
17. We observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

TP Anderson & Company, PC

December 29, 2020
Humboldt, Iowa

Detailed Recommendations

City of Primghar

Detailed Recommendations

For the period July 1, 2019 through June 30, 2020

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one or two individuals have control over all aspects of the accounting process for the City.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kurt Edwards, Mayor, Owner of Nicholson & Edwards Grain	Diesel fuel and repairs	\$ 4,061
Kevin Smith, Council Member, Owner of Buck's Lawn Service	Lawn spraying	178

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the City Council Member do not appear to represent conflicts of interest since total transactions were less than \$6,000 during the fiscal year. The transactions with the Mayor do not appear to represent a conflict of interest since the transactions are now competitively bid.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

- (C) City Council Minutes – Chapter 372.13(6) of the Code of Iowa requires minutes of City Council proceedings be published within 15 days of the meeting. Minutes publications for all four meetings tested were not all published within the 15 days requirement.

Recommendation – The City should comply with the Code of Iowa and publish City Council meeting minutes within the 15 days as required.

City of Primghar

Detailed Recommendations

For the period July 1, 2019 through June 30, 2020

(D) Financial Condition – At June 30, 2020, the City had deficit balances in the following funds:

Fund	Amount
Capital Projects	95,323
Enterprise:	
Landfill/Garbage	5,222

Recommendation – The City should investigate alternatives to eliminate these deficits to return the funds to a sound financial position.